Memorandum

To: Chair and Commissioners

Date: February 28, 2006

File: Book Item 2.1c.(10)
Action Item

From: JOHN F. BARNA, JR.
Executive Director

Ref.: <u>TRAFFIC CONGESTION RELIEF PROGRAM (TCRP) PROJECT APPLICATION
AMENDMENT APPROVAL
RESOLUTION TAA-06-17, AMENDING RESOLUTION TA-00-01</u>

<u>ISSUE</u>:

Should the California Transportation Commission (Commission) approve an application amendment to de-program $5,500,000 in TCRP funds and revise the project funding plan for TCRP Project #32.8 – North Coast Railroad; Sub-paragraph (h) fund repayment of federal loan obligations (Q-Fund)?

<u>RECOMMENDATION</u>:

With the enactment of Federal legislation in August 2005 that directed the Federal Highway Administration (FHWA) to forgive repayment of a $12,000,000 loan, and with subsequent action by the Governor in vetoing Senate Bill 792 that would have allowed the TCRP funds to be used for other purposes by the North Coast Railroad Authority (NCRA), Commission staff recommends approval to de-program $5,500,000 in TCRP funds and revise the project funding plan.

<u>BACKGROUND</u>:

In 1996, the FHWA loaned NCRA $12,000,000 from the Highway Planning and Construction Revolving Fund Loan Program (Q-Fund) to acquire portions of the Northwestern Pacific Railroad right-of-way and station sites from the Southern Pacific Railroad. The Q-Fund is a zero-interest loan program that requires repayment by September 30, 2013.

To facilitate the fund transfer, the Department of Transportation and NCRA executed an agreement that stipulated, in part, that NCRA establish a trust fund and make incremental payments to ensure repayment of the Q-Fund loan. Because of continuing financial difficulties, the NCRA was initially unable to establish and maintain its repayment plan.

To assist NCRA in repaying this debt, the TCRP included $5,500,000 under Section 14456.50(h) of the Government Code to fund repayment of the NCRA Federal loan obligations. On September 28, 2000, the Commission approved Resolution TA-00-01 allowing these funds be used to establish an interest bearing account that would generate funds to retire the Q-Fund loan obligation by September 30, 2013. Subsequent to this approval, the Executive Directors of the NCRA and the Commission signed a Memorandum of Understanding (Resolution G-00-27), whereby the NCRA would establish a Q-Fund Trust Account in the Local Agency Investment Fund with an initial contribution of $6,401,000 consisting of $5,500,000 from TCRP funds, $811,000 in unallocated Transit Capital Improvement funds, and $90,000 in NCRA property revenue funds.

RESOLUTION

Resolved that the California Transportation Commission hereby revises TCRP Project #32.8 as follows:

Revises:

County	District	BREF	TCRP			
Regional	1	32.8	$5,500			

| Completion (FY) | | Phase 1 | N/A | | Phase 3 | N/A | |
| | | Phase 2 | N/A | | Phase 4 | N/A | |

Lead Agency:	North Coast Railroad Authority (NCRA)
Implementing:	NCRA
Description:	North Coast Railroad; Sub-paragraph (h) fund repayment of federal loan obligations (Q-fund).

(DOLLARS IN THOUSANDS)

FUND	TOTAL	Project Totals by Fiscal Year						Project Totals by Component					
		Prior	05/06	06/07	07/08	08/09	Beyond	R/W	CON	PA&ED	PS&E	R/W Supp	CON Supp
TCRP - Committed													
Existing	5,500	5,500							5,500				
Change	(5,500)	(5,500)							(5,500)				
Proposed	0	0							0				
Total													
Existing	5,500	5,500							5,500				
Change	(5,500)	(5,500)							(5,500)				
Proposed	0	0							0				